

BUDGET BOOK DEFINITIONS

Activity: A component within a fund; usually a specific line of work performed to accomplish a function for which a governmental unit is responsible.

Appropriation: An appropriation is an authority to spend. It represents the authorization from a specific fund to a specific program to make expenditures/incur obligations for a specified purpose and period of time. The budget contains many appropriations or items. These appropriations are limited to one year, unless otherwise specified. An appropriation represents the authorized expenditure limit for a fund/department unit for the year.

Base Budget: This year's base budget represents the prior year approved budget plus mandated cost adjustments such as across-the-board salary increases (MOU), retirement costs, risk management liabilities, and previous year's mid-year Board approved costs.

Budgeted Staffing: The number of equivalent positions funded in the budget unit. Also referred to as full-time equivalent (FTE).

Capital Project Funds: Capital Project Funds are used to account for financial resources designated for the acquisition or construction of major capital facilities other than those financed by Enterprise and Internal Service Funds.

Central Computer: The Central Computer expense category is set up to allocate the Information Services Department's computer charges to departments based on usage. These are countywide costs for computer infrastructure such as email, wide area network, payroll processing, and software/hardware staff support. Each department's Central Computer budget amount is estimated at the beginning of the fiscal year by the Information Services Department and is billed based on that estimate. Next year's budget (2007-08) will be adjusted based upon the actual usage in 2006-07.

Contingencies: An amount set aside within a budget for unforeseen expenditure requirements. Board action must be taken to spend contingency funds and a 4/5 vote is required for approval.

Costs to Maintain Current Program Services: All non-discretionary budget changes that are factored into the base budget: these include the cost of new mandates and negotiated salary increases. The Board of Supervisors approved these costs for the general fund in the County Administrative Office's financing plan.

COWCAP: COWCAP is an acronym for County Wide Cost Allocation Plan. It is the method by which indirect support costs for services such as Human Resources, Payroll, Purchasing, etc. are allocated to departments. It is prepared annually by the County Auditor/Controller-Recorder in accordance with the Office of Management and Budget, Budget Circular A-87, which is the guideline for state and federal reimbursements for indirect costs.

Department: An organizational unit used by county management to group programs of a like nature.

Department Recommended Funded Adjustments: A proposal by the department to change or implement a new program funded through existing resources that is not currently authorized by the Board.

Depreciation: The recording of expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.

Discretionary Revenue: Revenue not legally designated for a specific purpose or program that can be appropriated at the discretion of the Board of Supervisors.

Employee Health & Productivity Program (EHaP): A modified duty/return to work program that utilizes specialized nurses to obtain effective and timely treatment for injured or ill employees. Overall goals are to return the employee to the workplace as soon as possible and to increase the health and productivity of employees through health promotion and risk reduction programs.



Encumbrance: An obligation placed on an appropriation to pay for goods or services that have been ordered by means of contracts, but not yet received. In other words, the money is tied up. Even though it has not been spent, it cannot be used for any other purpose.

Enterprise Funds: Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through operational revenues.

Expenditure: Under the current financial resources measurement focus, decrease in net financial resources not properly classified as other financing uses.

Fiscal Year (FY): The County's twelve-month accounting period (July 1 through the following June 30), which varies from the calendar year and the federal fiscal year.

Fixed Asset: An asset of a long-term character such as land, buildings, furniture, and other equipment costing \$5,000 or more and having a useful life of one year or more.

Full-time Equivalent (FTE): The number of equivalent positions funded in the budget units. Also referred to as budgeted staffing. An equivalent position is calculated by taking the total number of work hours budgeted for the budget unit (excluding overtime) and dividing by 2088, which represents the total number of hours in a work year.

Function: A group of related activities aimed at accomplishing a major service for which a governmental unit is responsible. This designation is specified by the State Controller. For example: "Public Protection" is the function of the Sheriff's Department.

Fund: A legal unit that provides for the segregation of moneys or other resources in the county treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves, and fund balance, as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specific fund income or expenditures.

Fund Balance: The excess of assets over liabilities, including the cancellation of prior year encumbrances.

General Fund: The General Fund is the predominate fund for financing county programs. It is used to account for revenues that are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the general fund are property taxes and other taxes, state and federal aid, current services, and other revenue. The general fund is used as the major funding source for the administrative/executive, economic development, fiscal, human services, law and justice, and public and support services groups.

General Fund Financing: Describes the overall process of administering local cost, which is the amount contributed by the county general fund from its discretionary revenue sources to finance the activities of a department.

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.

Local Cost: Local cost (or general fund financing) is the amount contributed by the county general fund from its discretionary revenue sources to finance the activities of a department.

Memorandum of Understanding (MOU): For budget purposes, the MOU refers to a negotiated and approved labor agreement between the county and an employee labor organization or group that details the salary, benefits, and other conditions of employment.

Mid-year Adjustments: Board approved changes to a department's budget after the adoption of the final budget.



Operating Transfers In/Out: A method of providing financing from one fund to another for the implementation of a project or program.

Other Charges: A category of accounts established for expenditures other than salaries and benefits, services and supplies, and fixed assets. Example: Interest expense, public assistance costs, etc.

Proposed Budget: The working document of the fiscal year under discussion. Approval of this document does not allow expenditures for fixed assets and for new permanent employee positions unless specifically approved by the Board of Supervisors.

Proposition 172 (Prop. 172): A permanent extension of a half-cent Local Public Safety Sales Tax approved by California voters on November 2, 1993. Proceeds of this sales tax must be dedicated to public safety.

Public Service Employee (PSE): PSEs are employees assigned to entry-level positions in a variety of fields and occupations for a limited duration. They are not full-time, regular county employees. PSEs are subject to an expedited recruiting process to accommodate additional workload or to handle one-time special projects. They do not receive the full range of benefits or have the civil service status of regular county employees.

Realignment Funding (Health & Welfare): In 1991-92 the state approved the Health & Welfare Realignment Program that involves a shift of program responsibilities from the state to the counties. This shift is funded through a corresponding shift of dedicated Sales Tax and Vehicle License Fee revenue.

Reimbursements: Amount received as a repayment of the cost of work, or service performed, or of other expenditures made, for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure and are considered a financing source.

Restricted Financing Funds: Restricted financing funds consist of two restricted financing sources – Prop. 172 and Realignment. Prop. 172 revenue assists in financing the Sheriff, District Attorney, and Probation departments. Realignment assists in financing mental health, social services, and health programs within the County.

Revenue: The addition of cash or other current assets to governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees, or investment earnings. Revenues are deposited in a fund for future appropriation.

SB 90 State-Mandated Local Program: State reimbursements to local governments for the cost of activities required by State legislative and executive acts.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific sources of revenue whereby the use of such revenue is restricted by law for particular functions or activities of government.

Step Increases: An employee, based upon the completion of the required service hours in their classification, satisfactory work performance, and appointing authority recommendation, may receive step advancements. Step advancements/increases within the base salary range shall be based on two (2) step increments. Each increment is 2.5%.

Transfers: The movement of resources from one fund to another usually for payment of services received.

Unrestricted Net Assets: That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

